

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROP SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE

Call to Order: By **CHAIRMAN JOHN WITT**, on January 6, 1999 at 8:00 A.M., in Room 201 Capitol.

ROLL CALL

Members Present:

Rep. John Witt, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. William Crismore (R)
Rep. Dick Haines (R)
Sen. Linda Nelson (D)
Rep. Joe Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Summer Alger, Committee Secretary
Greg DeWitt, Legislative Services Division
Roger Lloyd, Legislative Services Division
Bob Tallerico, Legislative Services Division
Doug Schmitz, OBPP
Shirley Moore, OBPP

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Subcommittee Business Summary:

Subcommittee Orientation

Hearing(s): HB 2: Base Budget; Present Law; Fish,
Wildlife & Parks (FWP)

Executive Action(s): HB 2 - Base Budget; HB 2 - Present Law;
HB 2 - FWP capitol grounds
(proprietary)

ORIENTATION:

Roger Lloyd, Legislative Fiscal Analyst, gave an overview of the function and task of the subcommittee. He handed out an "Orientation-1999 Session" packet and launched a committee discussion that began with Changes From Last Session, moved on through Constitutional Initiative 75, Use of Staff, Workings of the Subcommittee, Explanation of LFD Budget Analysis, FTE/Personal Services, The Base, then breaking with Present Law. **EXHIBIT(jnh03a01)**

Changes From Last Session

Discussion: {Tape : 1; Side : A; Approx. Time Counter : 8.8 - 11.9}

CI 75

Discussion: {Tape : 1; Side : A; Approx. Time Counter : 11.9 - 24.2}

Possible CI 75 Issues were pointed out and discussed (circumstances following whether an increased fee is desired or not). **Sen. Keating** commented that the subcommittee must look to long-range planning: wait until the second year or so to increase fees because CI 75 will have to be tested by the people. **Chairman Witt**, after more discussion, consented with **Mr. Lloyd**, recommending that the subcommittee should develop a CI 75 contingency plan: proceed with a base budget then come in with a fee if needs be. **Rep. Tropila** countered that if an option (for a fee increase) were given, it would defeat the bill. **Chairman Witt** concurred as did **Sen. Nelson**, who commented that the subcommittee should consider each case and its need separately.

Questions from Subcommittee Members and Responses:

Sen. Tom Keating, Vice Chair, asked whether the subcommittee members would be furnished with copies of CI 75 so they could read the initiative itself in the language of the present constitution as they get into rate setting, etc.. **Roger Lloyd** responded saying that there is a detailed discussion of the initiative provided in the "Overview Volume" of the LFD Budget Analysis 2001 Biennium, and by handing out a flow chart of "CI 75 Subcommittee Options." **EXHIBIT(jnh03a02)**

Use of LFD Staff

Discussion: {Tape : 1; Side : A; Approx. Time Counter : 25.4 - 29.7}

Roger Lloyd urged the subcommittee to use LFD services, then proceeded into the administering of a hearing and of executive action.

HEARING ON HB 2 - BASE BUDGET

Informational Testimony: {Tape : 1; Side : A; Approx. Time Counter : 29.7 - 39.4}

Roger Lloyd explained that a "base budget" is what an agency (DNRC) actually spent in fiscal year (FY) 1998 ~ actual expenditures. The major exceptions of the base are items, such as, case load and inflation.

Questions from Committee Members and Responses:

Sen. Keating questioned whether the increase in FY 2000 extended from FY 1999 actual expenses or included the added expenses of FY 1999 and of FY 2000. **Mr. Lloyd** replied by asking the subcommittee to refer to the tables on pages C-17 and C-18 of Section C of LEGISLATIVE BUDGET ANALYSIS (LBA) 2001 BIENNIUM: Agency Budgets, Vol. 1, January 1999, LFD for agency expenditures.

**The LBA 2001 budget book will not be referred to as an exhibit, however, budget information from other sources will be noted as exhibits.*

Sen. Keating asked whether there was a distinction between growth in FY 1999 and what is proposed for FY 2000 in the present law adjustment. **Mr. Lloyd** replied yes, explaining that the present law adjustments are the additions that the Governor wants from the base. "Those items that are due to something the legislature approved last session (FY 1999) will be pointed out."

EXECUTIVE ACTION ON HB 2 - BASE BUDGET

{Tape : 1; Side : B; Approx. Time Counter : 27.1}

Motion/Vote: Rep. Tropila moved that the base budget of FY 1998 be adopted. Motion carried unanimously.

FTE/Personal Services

Discussion: {Tape : 1; Side : A; Approx. Time Counter : 39.4 - 63.4; Comments : Then flipped to Side B of Tape 1 -- Tape : 1; Side : B; Approx. Time Counter : 0 - 20.9}

Roger Lloyd initiated the discussion of FTE's and then **Doug Schmitz** commented, referring to tables contained on pages C-60, C-62, and C-65 in Section C of LBA 2001 (Respectively: two types of FTE; why FTE are there; and new FTE and new proposal that tie into table).

Sen. Keating's primary concern was new growth of agencies and the justification of new programs and personnel.

Brief Recess {Tape : 1; Side : B; Approx. Time Counter : 47.0 - 52.3}

Mr. Lloyd began the discussion asking the subcommittee to think of the budget in terms of three groups: base, present law adjustments, and new proposals (new programs, funding switches).

Rep. Haines launched the discussion into vacancy savings rate by asking **Mr. Lloyd** if he was comfortable with the idea, to which he replied that the legislature had done so in the past, but there are times when it proves harsh on agencies.

Sen. Keating kept the topic hot by questioning why one should let agencies keep the FTE (slot) if it remains vacant ~ cut the slot, cut budget and expect the agencies to work that way without funds from vacancy savings. **Sen. Nelson** commented that funds could be restricted and **Sen. Keating** agreed stating that funds could be line itemed also.

Mr. Lloyd, following the discussion, informed the subcommittee that a line item prevents the executive branch from changing funds from one place to another. OTO's (One Time Only - which are not included in base budget this time due to the definition of the term) are an example of a line item. He also stated that an FTE is a slot, not a person, and is fully funded. So, to remove funding for personal services, one must permanently remove the FTE that generates funds for it. **Mr. Lloyd** acknowledged the common misconception that Legislators appropriate FTE's - Not true, they appropriate the monies used to fund the FTE's.

HEARING ON HB 2 - PRESENT LAW

Informational Testimony: {Tape : 1; Side : B; Approx. Time Counter : 28 - 32.6}

Sen. Keating remarked that if present law were just FY 1999 expenditures, that would be alright; but if present law had any increased funding for FY 2000, over and above fixed costs, he won't want to take that action - must have justifications.

Roger Lloyd explained that the present law motion would cover personal services, fixed costs, and inflation/deflation. **Doug Schmitz** then commented that, in some cases, present law will have new FTE.

EXECUTIVE ACTION ON HB 2 - PRESENT LAW

{Tape : 1; Side : B; Approx. Time Counter : 32.6}

Motion/Vote: Sen. Keating moved that state-wide present law adjustments, which include personal service, fixed costs, and inflation/deflation, be adopted. Sen. Crismore seconded the motion. Motion carried unanimously.

Brief Recess *{Tape : 1; Side : B; Approx. Time Counter : 43.8}*

HEARING ON HB 2 - FWP CAPITOL GROUNDS

Informational Testimony: *{Tape : 2; Side : A; Approx. Time Counter : 0 - 22.9}*

Following introductions, **Roger Lloyd** asked the subcommittee to turn to pages C-37, C-38, and C-39 of Section C of LBA 2001, for a description of proprietary rates of capitol grounds maintenance. **Mr. Lloyd** explained the proprietary fund is set up for a service provided within state government to another government agency. The amounts in the agencies budgets provide funding for other agencies to provide a service, for example, snow plowing. The Legislature sets the rate that the department charges other agencies (square footage rental rate in this case).

FWP Presentation

{Tape : 2; Side : A; Approx. Time Counter : 7.5 - 14.7}

Doug Monger, FWP Administrator, Proposed no rate change (\$.3446/ft²) this biennium for capitol grounds maintenance. He explained that the intention is to have only a minimum of cash balance left at the end of the biennium. If there is some left, then FWP will ask for a lower rate the next biennium. **Mr. Monger**

then went into the history of contract prices, and said they have approximately 5.56 FTE's dedicated to the grounds maintenance, with only two being permanent (the others are seasonal).

Questions from Committee Members and Responses:

Chairman Witt asked if there was funding enough for fluctuation (ex: abnormal winter and have a short-fall). **Doug Monger** explained the proprietary account, acknowledged a reserve level of 5% to 10%, and stated that in a bad case, they would cut funding some places to make up for others.

Sen. Keating questioned what percentage of revenues are personal expenses and operating expense, which there was a reply of approx. 40% and 31%, respectively. **Sen. Keating** also asked if there was a revolving reserve fund, to which **Mr. Monger** replied No - it is built into the proposed rate.

EXECUTIVE ACTION ON HB 2 - FWP CAPITOL GROUNDS (PROPRIETARY)

{Tape : 2; Side : A; Approx. Time Counter : 23.2}

Motion/Vote: Sen. Keating moved that the rate of \$.3446/ft² be adopted. Seconded by Rep. Haines. Motion carried unanimously.

Mr. Monger commented that the MONTANA flower display on the north lawn is done voluntarily.

Agenda Discussion:

{Tape : 2; Side : A; Approx. Time Counter : 27.5 - 41.4}

Roger Lloyd commented a bit on the DNRC wildfires supplemental to be discussed the next meeting, January 7, 1999. He brought to attention the primer in LBA 2001 on page C-119 (table of historical wildfire costs), and said the Legislature does not appropriate up-front for wildfire costs. **Sen. Keating** discussed the point further, saying that cash flow is a problem, so the DNRC comes in for supplementals.

Greg Dewitt passed out copies of Section 17 of CI 75: People's right to vote on taxes -- fairness tax elections -- enforcement.

EXHIBIT (jnh03a03)

Meeting adjourned **{Tape : 2; Side : A; Approx. Time Counter : 43}**

ADJOURNMENT

Adjournment: 12:00 P.M.

REP. JOHN WITT, Chairman

SUMMER ALGER, Secretary

JW/SA

EXHIBIT (jnh03aad)